MINUTES OF THE 21ST MEETING OF THE TOBACCO SETTLEMENT FINANCE CORPORATION GOVERNANCE COMMITTEE HELD ON APRIL 27TH, 2011 AT 4:58 P.M. AT ITS OFFICES AT 641 LEXINGTON AVENUE NEW YORK, NEW YORK 10022

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairperson
Kenneth M. Bialo	Member
Elaine McCann	Division of the Budget, Representing Robert Megna, Member (via Video Conference)

Chairman Levy chaired the meeting; Joy F. Willig, Senior Vice President and Counsel, acted as Secretary. The meetings of the Governance Committees were opened in joint session for the consideration of various matters of shared importance. These minutes reflect only those items being considered by the Members of the Tobacco Settlement Finance Corporation Governance Committee. A record of items considered by the other Agencies' Governance Committees is contained in the minutes of each Committee respectively.

The first item on the agenda was the approval of the minutes of the 20st TSFC Governance Committee Members' meetings held on March 24. There were no objections or corrections by the Members, and the minutes were deemed approved.

The next item on the agenda was a resolution approving amendments to Code of Ethics. Ms. Michele Weinstat, Ethics Officer for the Agencies, presented on this item. She discussed the changes to the Code of Conduct, most of which were made in an effort to make existing policies more explicit. Staff worked to clarify that Members would not be able to accept loans from the agencies. This had previously been prohibited by the law and by existing policies of the agencies, but staff changed the code to make this provision more explicit. The reimbursement policy was changed to specify that all reimbursed expenses must be "actual and necessary," which was previously included as part of the law but not outlined in the Code of Ethics.

Additionally, the name of the IT policy was updated in the Code in order to reflect the most recent name of the policy.

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously.

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK

MORTGAGE AGENCY, NEW YORK STATE AFFORDBLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINACING CORPORATION REVIEWING, APPROVING, AND RECOMMENDING THE ADOPTION OF A CODE OF ETHICAL CONDUCT FOR THE MEMBERS AND DIRECTORS OF THE AGENCIES.

The next item on the agenda was a review and approval of the 2010 Self-Evaluation of Governance Committees' Performance. Mr. Alejandro Valella, Deputy Counsel, presented. Mr. Bialo asked why the committee had given a low rating of its success in annually evaluating compensation of senior officers and man con. Mr. Valella stated that the committee adopts the guidelines of salary minimums and maximums every year, and that changes to the compensation of SVP's must be approved, and that those of man cons are reported to the committee annually. He noted that the lower rating may have something to do with Committee members' view on how much involvement the Committees should have on compensation matters. Mr. Bialo asked why the committee had given a low rating to the extent to which it oversees processes in place to address the risk of noncompliance with governance laws and regulations. Mr. Valella mentioned that the legal department is the entity that undertakes the monitoring of changes to the requirements of the public authorities law. He noted that the low evaluation is probably reflective of the Department's failure to make the monitoring process know to the Committees. Ms. Phillips suggested that the governance committee be briefed on the legal department's oversight of compliance with regards to ABO regulations, perhaps by adding an item of to the agenda explaining anything done in a supervisory nature.

Chairman Levy noted that in a recent audit of the California State Financing Agency, rating agencies had a number of criticisms, including the board failing to approve new programs of the Agency. He asked about the systems of checks and balances in place, should staff decide to change programs, and how the Board, the Governance Committee, and/or the Finance and Program Committee might be involved. Chairman Levy emphasized that either the Board or its committees should be involved in major changes and new programs.

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously.

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDBLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINACING CORPORATION

There being no unfinished business, Ms. McCann moved to adjourn the meeting; Chairman Levy seconded the motion, and the meeting was adjourned at 5:11 P.M.

Secretary